WCB
Workers Compensation
Board of Manitoba

SERVICE DRIVEN.
SAFETY MINDED.

WCB 2004 - 2008 FIVE YEAR PLAN

SAFE WORK
SAFE
SPOT THE HAZARD
ASSESS THE RISK
FIND A SAFER WAY
EVERYDAY

WCB
Workers Compensation
Board of Manitoba

THE WORKERS COMPENSATION BOARD OF MANITOBA

FIVE YEAR PLAN 2004–2008

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For further information on the WCB's activities in 2003, please refer to the 2003 Annual Report on our website www.wcb.mb.ca

SAFE WORK
SPOT THE HAZARD
ASSESS THE RISK
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EXECUTIVE SUMMARY

Each year the Workers Compensation Board presents its vision for the future of the compensation system in Manitoba. This Five Year Plan outlines the Workers Compensation Board's strategic themes of Prevention, Recovery, Service and Stewardship. These four themes will focus and drive new initiatives and allow the WCB to make dramatic improvements to its services.

Every year thousands of Manitoba workers are injured on the job and others are diagnosed with occupational diseases. By any measure, the rate of workplace injury and disease is too high. Accordingly, the Government of Manitoba adopted a target of reducing the time loss injury rate by 25 percent over five years. The SAFE Work campaign was launched in 2003 to support this injury prevention initiative. Action will focus on creating greater public awareness and education; providing safety and health training for employers, supervisors and workers; enhancing prevention measures and standards that help prevent injuries; and strengthening the internal and external responsibility systems. The WCB and its partners have made progress in taking the safety message to the public, and they will continue to do more.

The WCB is committed to making continuous improvements in the way it provides its services. The WCB has introduced new accident reporting methods for healthcare providers, workers and employers, and it is undertaking a complete redesign of the entire claims process to speed the adjudication and payment processes. The WCB is working with injured workers and employers to enhance the potential for successful return to work outcomes in Manitoba.

Continuously improving service delivery to its customers is always a high priority for the WCB. In 2003, the WCB adopted a Statement of Service Excellence – the WCB will provide service that is fast, easy, caring, right and clear. This is its mandate for service excellence.

The WCB will provide its services while remaining fiscally accountable and dependable for the future. It owes this to the nearly 25,000 employers who fund the program and to the over 40,000 workers annually who require timely and effective services.

The Workers Compensation Board is dedicated to improving the way it does business, and it will continuously evaluate its performance to ensure that its services are timely, appropriate and cost-effective. This Five Year Plan reviews some past changes and introduces future initiatives.

OUR ACHIEVEMENTS

The WCB is committed to making continuous improvements in the way it does business. In 2002, the WCB identified four strategic themes to help focus and drive new initiatives.

- Prevention – protecting workers and preventing injuries and illness.
- Recovery – returning workers to health and work.
- Service – continuously improving services to workers and employers.
- Stewardship – effectively managing human, technical and financial resources.

Within these themes, the WCB undertook a number of important initiatives in 2003. These are outlined below.

PREVENTION – STOPPING INJURIES BEFORE THEY HAPPEN

Every year too many Manitoba workers are injured or become ill on the job. In 2001, the Government of Manitoba initiated a major review of workplace safety and health in Manitoba. A committee composed of labour, management and technical representatives with extensive workplace safety and health experience conducted the review and issued its report in January 2002.

The report, adopted by the Government of Manitoba, directed the Workers Compensation Board and the Workplace Safety and Health Division of Manitoba Labour and Immigration (WSHD) to assume joint responsibility for injury prevention.

The WCB and the Workplace Safety and Health Division launched an ambitious injury and illness prevention strategy in 2003 called "SAFE Manitoba". The overall goals of the strategy are to create in Manitoba a culture which values and promotes healthy and safe workplaces and to achieve a 25 percent reduction in the time loss injury rate over five years. This commitment will set the agenda for the WCB and its partners for several years to come.

The creation of a safety culture at work cannot happen unless Manitobans realize that safety has to be everywhere – while at work, on the roads, at home, at play and with the kids. The WCB's prevention campaign is not just about safer work, but a safer Manitoba.

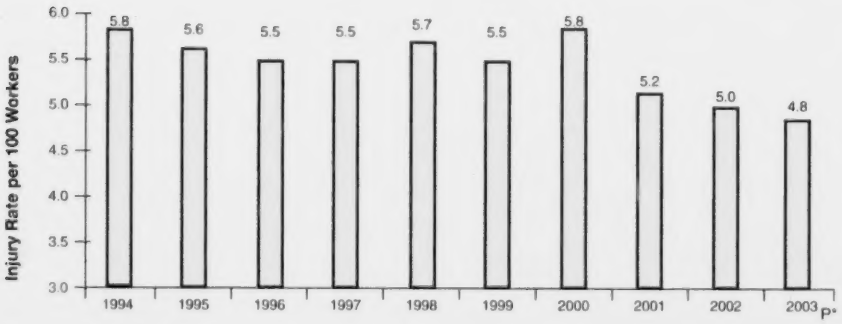
SAFE Work

In 2003, the WCB and WSHD also launched a "SAFE Work" comprehensive injury prevention program under the "SAFE Manitoba" umbrella. The SAFE message has been featured on television, radio, newspapers and on billboards. Brochures, posters and stickers have been distributed to Manitoba workplaces.

The SAFE Manitoba and SAFE Work safety brands contain an easy to remember personal risk management model to think of safety at work and in all walks of life – **SAFE**: **S**pot the hazard **A**ssess the risk **F**ind a safer way **E**veryday. This approach to safety is applicable from the boardroom to the shop floor, from the playground to the farm field and beyond.

Manitoba's time loss injury rate declined each year between 2000 and 2003, and the WCB is committed to working with WSHD and others in the labour and business community to drive this rate down even further.

Time Loss Injury Rate per 100 Full-Time Equivalent Workers



* P – Preliminary

Other SAFE Work initiatives focus on young workers. A number of materials have been developed that feature safety information including teachers' resource packages, a CD ROM, brochures, expanded curriculums in post-secondary institutions and an endowment fund that will lead to annual safety awards.

To track progress towards their safety goal, the WCB and its prevention partners have adopted a common methodology for recording and analyzing injury and illness statistics for the first time. Having a common methodology gives everyone a shared understanding of the current safety environment and a common way to measure changes.

WCB Workers Compensation Board of Manitoba

The WCB has taken the safety message to employers. To demonstrate the importance of safety, the WCB uses an interactive performance feedback tool, or "ScoreCard," to recapitulate an employer's previous five years' claim costs and to project assessments for the next five years. The ScoreCard demonstrates to employers how reducing injuries and the effects of injuries through prevention and disability management can directly impact their bottom line. WCB staff gave ScoreCard presentations to 81 firms in 2003. The WSHD also focuses on high risk employers in its enforcement and education efforts.

The WCB is observing the development of new regulations that resulted from recent changes to *The Workplace Safety and Health Act* and which will strengthen the internal responsibility system. In accordance with the new provisions of *The Workplace Safety and Health Act* and accompanying regulations, the WCB has enhanced its own workplace safety and health program.

It will take a number of years and a great deal of persistence to help change Manitobans' knowledge, attitudes and behaviour around safety, but there are indications that the SAFE Work campaign is reaching people. The WCB engaged an independent firm to conduct a survey in early 2003, before the campaign began, and again in December, after the second flight of television ads. The results are informative:

- the number of participants who felt they were less likely to take risks now than they were in the past remained relatively steady, at 70 percent in the first survey and 71 percent in the second
- the number of participants who perceived themselves as being knowledgeable of proper safety practices at work fell from 73 percent to 63 percent, undoubtedly demonstrating that the ads helped people see that they were not as aware of safety practices as they thought they were
- those who would consider asking about safety before performing a job jumped from 57 to 70 percent
- those who said they would wear proper safety equipment rose eight percent, from 40 percent to 48 percent.

The WCB will track the progress of the SAFE Work initiative through future surveys.

RECOVERY – RETURNING WORKERS TO HEALTH AND WORK

The Workers Compensation Board receives over 40,000 claims each year, of which about 20,000 are time loss claims. The WCB has a responsibility to injured workers, their families and their employers to help them return to health and to work in a timely and safe manner. This is a primary, or core business of the WCB and we are dedicated to working with employers and workers to make this happen.

The Board of Directors sponsored the first seminar on return to work issues in June 2002 and followed it up with a second return to work seminar in March 2003. A 12 member Stakeholder Advisory Group was established in 2003 with members representing labour, employers and healthcare providers. Its mandate is to provide the WCB with constructive advice on all aspects of return to work for injured workers.

Return to work initiatives at the WCB are structured around the following priority areas: the continued operation of the Stakeholder Advisory Group; communicating with stakeholders in order to better understand the issues of return to work from a variety of perspectives; sharing best practices with stakeholders and educating them around the issues and our shared responsibilities; providing training to staff in return to work; creating measures of return to work; and developing a healthcare strategy to better facilitate return to work.

Case Management

The WCB has successfully reorganized the case management area to provide better service to claimants with more severe or chronic injuries and illnesses. Under the new model, the WCB brought together previously separate functions and departments and aligned service delivery teams with industry sectors. Bringing a team approach to case management makes timelier service delivery possible and alignment along sector lines increases staff knowledge of an industry's injury profile and return to work opportunities.

The new case management model was reviewed in 2002-2003. This evaluation found that WCB stakeholders view the new case management model as superior to the previous system. While stakeholders identified areas that might be enhanced and made some suggestions as to how this might be done, they also pointed to many aspects of the model that work extremely well and noted that their experiences of the new model have been very positive.

Workers who had had claims under both the old and new models greatly appreciated the increased customer service they received under the new model. Workers who only had claims under the new model also appreciated the customer service they received.

> *"It's much better now . . . you can talk to them, you get your cheques on time … it was bad before."*
> — A Brandon Worker

> *"The system is better than my experience before, there just seems to be less red tape, things move faster."*
> — A Thompson Worker

Employers also preferred the enhanced service under the new model, and many shared the perception that a single point of contact promoted earlier return to health and work. Many said the new model had a positive impact on claim costs and their assessment rates.

> *"Case Management is helping our bottom line… Now, the WCB is more proactive and has helped us put programs in place."*
> — A Manitoba Employer

> *"There is a link between timelier return to work and the money. Assessments have fallen from $1 million to $500,000."*
> — A Manitoba Employer

SERVICE – MEETING THE NEEDS OF WORKERS AND EMPLOYERS

Continuously improving service delivery to its customers is always a high priority for the WCB. Its service must be of high quality not only in its own eyes, but in the eyes of its customers.

Statement of Service Excellence

In 2003, the WCB adopted a Statement of Service Excellence – the WCB will provide service that is fast, easy, caring, right and clear. The WCB's goals are to achieve the following standards:

- "fast" means making prompt decisions, reducing the number of days between loss of earnings and first payment, responding promptly to inquiries and resolving problems quickly
- "easy" means being accessible and flexible – it means having processes that are streamlined and hassle free and giving stakeholders multiple channels for communicating with the WCB
- "caring" means being empathetic, respectful, responsive and sensitive – it means giving stakeholders personal attention, treating people with dignity, listening carefully and always going the extra mile
- "right" means being accurate, ethical, appropriate, honest and fair – it means basing decisions on legislation, policy and entitlement
- "clear" means being understandable and making supportable decisions – it means the WCB has open communication with stakeholders and employs plain language and transparent processes.

Business Process Renewal

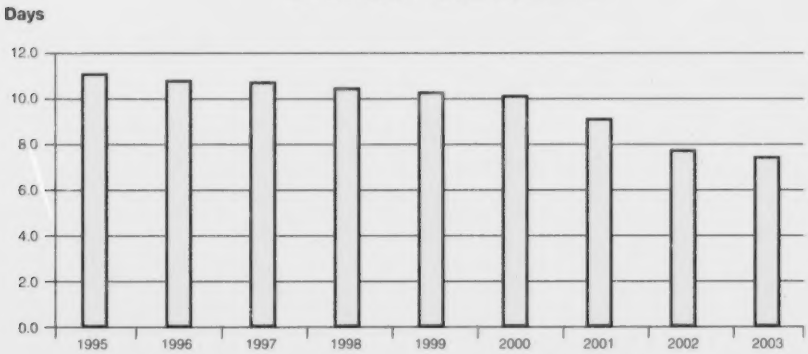
The WCB has evaluated its internal processes in an effort to make the entire claims process easier, faster and more efficient.

As a first step, the WCB examined how it receives and handles new claims. The sooner a claim is reported to the WCB, the sooner the WCB can provide services to facilitate recovery. The Receive and Register Initiative made it easier for stakeholders to report injuries and illnesses:

- healthcare providers were encouraged to submit forms by fax, rather than by mail
- the Claim Information Centre opened in May 2001 so that workers could report claims by telephone
- beginning in the fall of 2001, large employers were able to file claim reports through the Internet by means of a secure application called WCB Online.

The results of this initiative have been very positive. The WCB has seen a reduction in the time it takes to be notified of routine time loss accidents.

Average Calendar Days from Date of Accident to WCB Notification, Routine Time Loss Claims *



* Excludes occupational diseases, fatalities, other long latency or delayed onset claims.

As part of its business renewal plan, the WCB now is redesigning the process whereby new claims are adjudicated and initial wage loss payments are made. This project will help meet injured workers' needs for faster and enhanced services and, as a result, help reduce the stress and hardship resulting from a workplace injury.

The main goals of this redesign are:

- to dramatically reduce the number of days between the time of the accident and the date it is accepted by the WCB
- to significantly reduce the number of days from the time of the accident to the day the WCB makes the first payment to the injured worker
- to increase client satisfaction by speeding the claims process, while at the same time ensuring the accuracy of claims information.

Staff in the Claim Information Centre received training in 2003 that now allows them to adjudicate many no time loss claims. At the same time, they more actively gather information at the time a claim is created to reduce the need for further contact later on in the claim process. The result is that adjudicators have as much information as possible at the outset of the claim so that they can make decisions and provide benefits to injured workers more quickly.

The next step in the adjudicate and pay redesign occurred in October 2003, when the WCB piloted an initiative in the area responsible for claims in the forestry, mining, construction, transportation, self-insured and voluntary sectors. Under the new structure, staff roles have been consolidated. The pilot group will also test a new claim system which will electronically capture claim information and enhance the way the WCB does business. The new electronic claim system will be widely introduced in 2004. Having an electronic claim file will enable WCB staff to respond to client inquiries immediately as multiple users will have access to claim files at all times.

The new structure will take customer service forward significantly. Rather than having to deal with several staff members on claims of different complexities, employers and workers will have fewer contacts. WCB customers have been asking for this and the WCB is now responding to meet this need.

Volunteer and Part-Time Firefighters

It is part of the WCB's mandate to ensure that workers who are injured or become ill at work receive the services to which they are entitled.

The Workers Compensation Act was amended in May 2002 to state that certain diseases are to be presumed to have been caused by full-time firefighting. The amendment applies to full-time firefighters who contact primary site brain, bladder or kidney cancer, non-Hodgkin's lymphoma or leukemia, having been exposed to hazardous conditions over a number of years. Other workers' occupational disease claims are adjudicated on a case by case basis.

The medical and scientific literature showed a link between these cancers and being a full-time firefighter. This literature was silent, however, on whether a link existed between these conditions and being a part-time or volunteer firefighter. The 2002 amendment to the Act requires the WCB to examine whether such a link exists. A three year study funded by the WCB began on December 1, 2003, to explore this question.

The Northern Office

In October 2002, the WCB opened a northern office in Thompson to serve workers and employers in northeastern Manitoba. Workers have indicated that they greatly appreciate the improvement this has made to service. In focus groups held in November 2002, workers in Thompson told the WCB that an office in the north had made it easier to contact the WCB and made service faster.

> *"Having them right here in town is good… they'll respond to your requests quicker now than they did before."*
> — A Thompson Worker

STEWARDSHIP – MANAGING HUMAN, TECHNOLOGICAL AND FINANCIAL RESOURCES

Workers compensation is an essential part of the Canadian social fabric, complementing other programs to ensure that Canadians enjoy and can maintain a standard of living that is envied by much of the world.

Given its responsibilities, one of the WCB's core values is to manage responsibly the human, technical and financial resources entrusted to it. The WCB will ensure that its programs provide value to stakeholders, and that those who are at risk of occupational injury and illness receive the services to which they are entitled.

Investment Climate

Just three years ago, in 2000, investment income totalled $70 million. The WCB received just under $22 million of investment revenue in 2003, a drop of almost $50 million over that three year span. Employer premiums have risen only moderately over that same time period, creating a revenue shortfall for the WCB.

Despite significant declines in investment revenue since 2000 that have necessitated rate increases in Manitoba and across Canada, the Manitoba WCB still has the lowest average assessment rate of any Canadian province. Manitoba is one of a small number of Canadian provinces with a fully funded WCB.

Administration Costs and Financial Controls

In addition to maintaining low assessment rates, the Manitoba WCB had the lowest administration costs per time loss claim in 2002 of any workers' compensation authority in Canada.

The WCB has strengthened its financial management and controls:

- the WCB negotiated a new collective bargaining agreement with the union representing WCB staff in 2003
- it negotiated a three year contract with the Manitoba Medical Association in 2002 and a new four year contract with the Manitoba Chiropractic Association in 2003 to provide predictability of health-care costs
- the WCB has strengthened its controllership function to improve data and performance measurement systems and enhance its financial strength.

Employment Equity

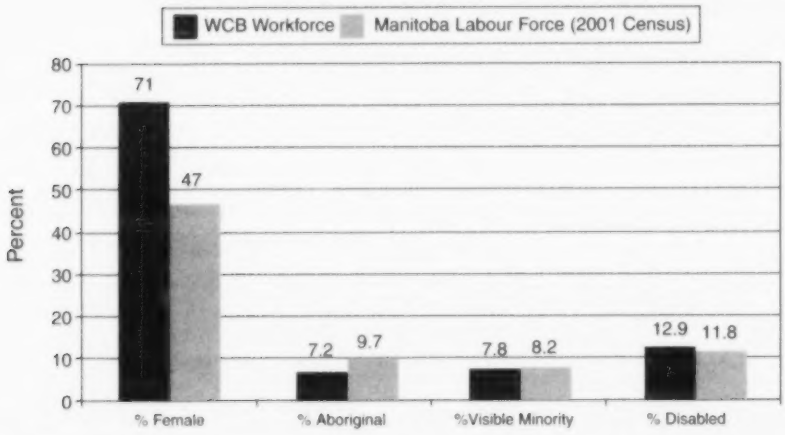
The Workers Compensation Board is committed to Employment Equity as an approach to:

- ensure that current and future employment systems are non-discriminatory
- enhance the equality of treatment of women, Aboriginal people, visible minorities and persons with disabilities
- correct any disparities in the WCB's present workforce distribution and pursue a workforce composition which reflects the workforce availability of designated group members in Manitoba
- develop strategies to enhance the recruitment, appointment and retention of designated group members
- prepare the organization for the increasing role designated group members will play in the workforce.

It is the WCB's intention to ensure that Aboriginal people, people with disabilities, visible minorities and women can participate equitably in employment and career advancement at the WCB.

The WCB has established an Employment Equity Committee with union and management representation. This committee undertook a survey of staff in 2002 to identify their employment equity characteristics. The survey results suggest that the WCB is doing well with respect to the employment of women, Aboriginal people, persons with disabilities and visible minorities. It is committed to increasing the representation of equity groups in all areas of the organization and at all levels.

Employment Equity Benchmark Data
Comparison of WCB Workforce
with 2001 Manitoba Labour Force Census Data



The WCB is committed to maintaining and improving its record. In 2003, the committee conducted a facilities audit to ensure that WCB premises are accessible to persons with disabilities. The WCB is focusing on equity groups in its advertising and utilizes equity groups' community networks to reach qualified members for external job hiring. The WCB is beginning the process of creating staff awareness of employment equity and has developed a staff education program.

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CHALLENGES AND RISKS

Planning at the Workers Compensation Board of Manitoba involves the analysis of economic, demographic, financial and claim trends that affect its operations.* Such an analysis helps point to areas where resources may be needed and allows the WCB to identify challenges that may lie ahead.

PREVENTION COMES FIRST

Preventing accidents and illnesses in the first place is good for everyone: workers, their families, employers and the WCB, but to meet the WCB's goal of reducing the time loss injury rate by 25 percent, prevention efforts will need to be proactive and aggressive.

The time loss injury rate has declined from a high of 5.8 in 2000 to 5.2 in 2001, 5.0 in 2002 and to 4.8 in 2003. Yet, Manitoba's time loss injury rate remains too high.

Focusing on High Risk Industries

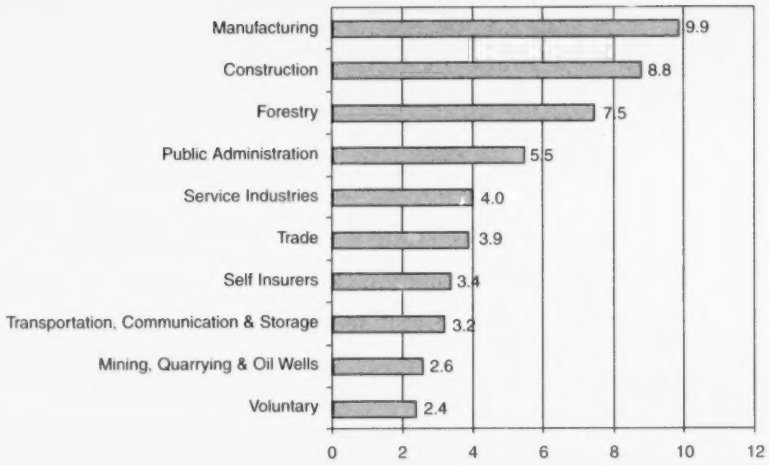
The manufacturing industry continues to generate the largest number of claims, far out of proportion to the number of workers employed in the industry. Manufacturing employed approximately 16.7 percent of all workers in 2002, but generated around 33.2 percent of all time loss claims. At 9.9 time loss claims per 100 full-time equivalent workers in 2002 (a slight improvement over 2001), manufacturing retained the highest injury rate among all industry sectors.

The service sector (primarily the healthcare and the hospitality industries) experienced 20.1 percent of all time loss claims in 2002. The construction sector had 8.6 percent of time loss claims in 2002, while transportation, communication and storage had roughly 7.0 percent of time loss claims in 2002.

Reflecting its aggressive and mature return to work programs, the mining sector had only 0.7 percent of the time loss claims in 2002.

* This section reports final injury and illness data from 2002. Final 2003 data will be published in the upcoming *Manitoba Workplace Injury and Illness Statistics Report for 2002-2003.*

Time Loss Injury Rate for 2002, by Industry



Several industry sub-sectors have significantly higher time loss injury rates in 2002 than the provincial average. These include vehicle manufacturing (16.8 percent), agricultural implement manufacturing (14.9 percent), meat processing (14.3 percent), metalworking (14.2 percent), wood manufacturing (11.2 percent) and trucking (9.1 percent).

This industry data suggests that prevention efforts should focus on manufacturing, and particularly on the vehicle manufacturing, agricultural implement manufacturing, meat processing, metalworking and wood manufacturing sub-sectors. As well, efforts should be made in sectors such as construction and healthcare that have a large number of claims and proportionately higher injury rates.

Focusing on High Risk Workers and Activities

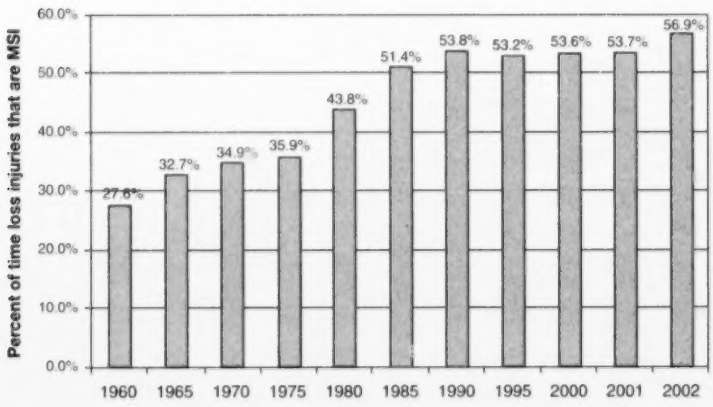
Injury prevention activities can be enhanced by knowing who is at risk.

Younger workers are slightly more likely to experience an accident or illness than their numbers suggest, while older workers are less likely to do so. Young workers are often employed in entry level jobs, ones that often require physical labour and involve higher personal risk. Young workers are usually inexperienced and are more willing than older workers to expose themselves to hazards without taking proper precautions. They may not always receive proper training. As a result of these factors, injury rates among young workers are higher than among other age groups.

In 2002, young workers (those under the age of 25) comprised 17 percent of the labour force and 18 percent of claimants. Workers between the ages of 25 and 34 made up 22 percent of the labour force, but 24 percent of claimants, while workers between the ages of 35 and 44 made up 26 percent of the labour force and 28 percent of claimants. However, workers between the ages of 45 and 54 made up 23 percent of the labour force in 2002 but only 20 percent of claimants and those 55 years of age and older were 13 percent of the labour force but only nine percent of claimants.

Musculoskeletal injuries (MSI) include sprains, strains, tears, back pain, carpal tunnel and other musculoskeletal or connective tissue diseases and disorders. More than 50 percent of accepted time loss injuries are musculoskeletal injuries. The bulk of these are strains and sprains followed by repetitive strain, back pain and carpal tunnel.

Musculoskeletal Injuries as a Percentage of All Accepted Time Loss Claims 1960-2002



The growth in work related musculoskeletal injuries poses prevention challenges for the WCB and its partners. Musculoskeletal injuries are complex and multifactorial, and no one single intervention can prevent these kinds of injuries. Solutions require the involvement of many agencies and players, particularly employers and safety and health committees.

Musculoskeletal injuries take longer to heal on average than other kinds of injuries. An analysis of WCB claims from 1990 to 2002 shows that the average duration of MSI claims peaked at 40 days in 2000, and declined to 32.3 days in 2002. The average duration of non MSI claims peaked at 27.2 days in 2000, and declined to 24.6 days in 2002.

RECOVERY AND RETURN TO WORK

To minimize the impact of injury and illness, the WCB and its partners must recognize the implications of workplace injury trends.

Manitoba's workforce is aging as the baby boom generation grows older, and the aging workforce is reflected in the distribution of WCB claimants. The average age of WCB claimants rose from 33.5 in 1988 to 37.3 in 2002. Older workers are less likely to be injured, but they generally take longer to recover from their injuries, experience more recurrences and suffer a disproportionate number of fatalities and injuries with permanent impairment compared to younger workers. At the same time, older workers tend to have higher average salaries than younger workers, resulting in higher average claims costs.

The aging population will put service pressures on the public healthcare system and particularly in areas that WCB claimants often use (e.g., orthopedics).

As more women have entered the labour force, the number of claims filed by women has also increased. Statistically, women are more likely to remain on compensation longer per claim than men, although overall claim costs for women are lower.

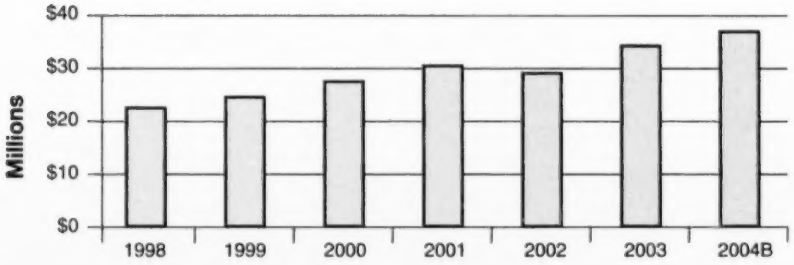
Research has shown that the longer claimants are off work, the greater the likelihood they will not return to work, and the higher the costs associated with their claims. Returning to work must, therefore, be part of the healing process. Workers, employers and the WCB need to work together to return injured workers to work as early in the recovery process as it is safe to do so.

Healthcare

The workers' compensation system in Canada predates the national medicare system. One consequence is that the Workers Compensation Board, and not Manitoba Health, pays healthcare providers and facilities directly for services provided to injured workers. The WCB, however, relies on the provincial healthcare system for the "nuts and bolts" of healthcare such as diagnostic testing, exams by specialists and access to surgical intervention. The Manitoba WCB does not operate its own healthcare facilities.

WCB costs for providing healthcare services to workers will rise from approximately $21.8 million in 1997 to a budgeted $37 million in 2004. Excluding 2002, when costs dipped, annual growth rates have ranged from eight percent to 15 percent – well beyond the rate of inflation. The rising cost of appliances, such as hearing aids and pharmaceuticals, in addition to other costs, will significantly impact the cost of healthcare in 2004 and beyond.

WCB Healthcare Expenditures
1998-2004



SERVICE

The service provided by the WCB is a complex process involving many different parties – workers, employers, healthcare providers – and many WCB staff. Combine this with the fact that the process is initiated by the unfortunate event of an injury to a worker, and one is presented with unique service delivery challenges.

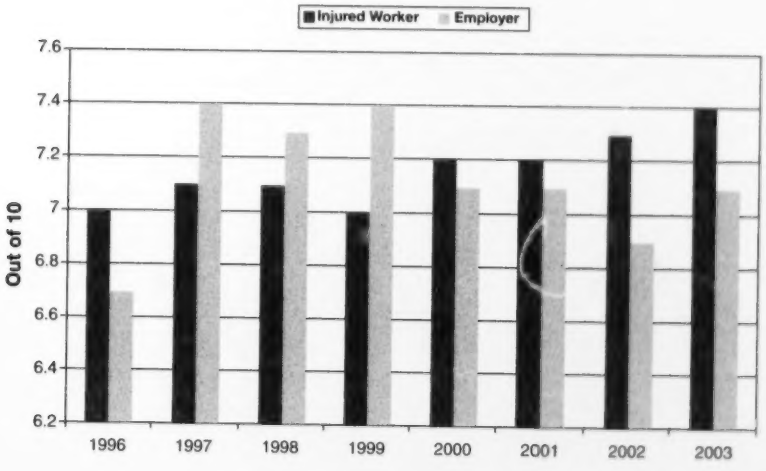
The WCB is committed to providing superior service to its stakeholders. This is a challenging task, as superior service is a bar that is always being raised higher. Service levels that were superior several years ago are considered marginally acceptable today. Improvements in technology, processes, training and information sharing are needed to keep pace with the spiral of increasing expectations.

Injured workers have told the WCB quite clearly that speed of claim processing and benefit payment is their number one priority. Eighty percent feel that waiting three weeks or longer from the time they notify the WCB until the time they receive their first payment is unacceptable. By the end of 2003, 38.7 percent of claimants received their first wage loss payment within 14 days of their injuries, up from 30.0 percent in 2002.

Injured workers also expect an easy claim process without having to deal with a number of different people. They want regular contact and clear information, and they want caring treatment that makes them feel like a person instead of a number. Efforts at WCB are focused on meeting these service expectations more consistently. The results of customer satisfaction surveys indicate that the WCB is making progress toward this goal.

Employers share many of the same service expectations as workers. They have told the WCB that they want fast and accurate payment of claims, appropriate treatment, clear communication and caring service.

Satisfaction: Injured Workers and Employers



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STEWARDSHIP

Financial Issues

The WCB remains in a strong financial position, with reserves of $56 million and a funding level of 102.7 percent (assets divided by liabilities plus special purpose reserves).

The investment market is improving. However, the use of the WCB's 60 month smoothing policy for recognition of capital gains and losses means that the reduction in investment revenue over the past few years will continue to place financial pressure on the WCB's income over several years to come.

Legislative Review

In late September 2003, the Government of Manitoba announced its intention to hold a public review of *The Workers Compensation Act*. The WCB will analyze any proposed amendments to determine their impact on its operations.

IMPLICATIONS: CHALLENGES AND RISKS

Given existing accident and claim trends and the current investment environment, the WCB can probably expect over the next five years to face:

- the need to work aggressively with high risk industries to reduce the number and severity of workplace accidents
- continued pressure on claim costs due to an increase in the number of more complex claims and rising healthcare costs
- less income from investments than in the 1990s
- increasing client desire for improved service
- continued challenges around improved prevention and disability management efforts.

The current environment poses challenges, but also offers opportunities. Working with community partners, the WCB can help implement prevention strategies, foster the development of programs to return workers to health and work, and dramatically improve service. The WCB is actively pursuing many strategies that will enable it to grasp these opportunities.

WORKING TOGETHER FOR A SAFER MANITOBA: FUTURE DIRECTIONS

PREVENTION: PROTECTING WORKERS AND PREVENTING INJURIES AND ILLNESSES

On average, 800 Manitobans are injured at work every week. That means on average that 115 people are hurt at work every day – one every 13 minutes. These injuries can be prevented, and so can the pain and disruption they cause in the lives of injured workers. The WCB and its partners are committed to building a safer Manitoba.

In the coming years, the WCB and the Workplace Safety and Health Division will build on the success achieved during the first year of the SAFE Work campaign. In 2004 the WCB will initiate several new pieces of the campaign while continuing some pieces implemented in 2003.

- The WCB and WSHD will continue the SAFE Work media campaign with new television, radio and print advertisements. The WCB will measure the impact of the campaign by conducting random surveys of Manitobans to determine how well the safety message has changed their attitudes toward workplace safety and health.
- A coordinating committee has been formed to promote a culture of health and safety in Manitoba under the SAFE Manitoba banner.
- The WCB will take its prevention message to the business community with a CEO to CEO campaign.
- The WCB will produce safety and health publications for young workers.
- The WCB and WSHD will create a "Safe Work" team to deliver a safety message to high priority employers. The team will help employers develop prevention and disability management programs and help them create networks and partnerships to share best practices around safety.
- The WCB will continue focusing on high risk firms and deliver ScoreCard presentations. It will develop ScoreCards by industry and sub-firm levels and use ScoreCards to market the concept of safety alliances to industry. In 2004, the WCB intends to revisit most of the firms it visited in 2003 with an updated version of the ScoreCard,

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and also to discuss with them what they have done in their respective organizations to foster a safety culture, and how they have used the ScoreCard.

- In 2004, in conjunction with the WSHD, the WCB will publish the first ever province-wide statistical report on workplace injuries and illnesses in Manitoba.

RECOVERY: RETURNING WORKERS TO HEALTH AND WORK

Healthcare

Healthcare is an important part of the services the WCB provides to its claimants and it is always looking for ways to improve those services and to return injured workers to health and work as quickly and safely as possible. The WCB will continue to develop strategies to maximize access to appropriate, timely and affordable healthcare services.

As part of these strategies, the WCB will consider opportunities that improve access for injured workers and that make good business sense.

Return to Health and Work

A worker's successful return to health and work depends on mutual trust between the employer and the injured worker. A culture needs to be built that views returning to work as soon as safely possible as both natural and part of the medical recovery process. This process should be participated in jointly by workers, employers and the WCB – with the WCB intervening and acting as facilitator only when necessary. Unions (if present in the workplace) and the joint safety and health committee or representative should also be involved.

The WCB's direction for the future is to expand the capacity for return to health and work through training, sharing best practices in disability management with employers, facilitating contact between employers and disability management service providers and focusing on priority areas to improve return to work service. The WCB will work with the Association of Workers' Compensation Boards of Canada to develop common indicators around return to work to measure improvement.

The WCB will use surveys to track progress toward improving its clients' perceptions of its return to work services.

SERVICE: CONTINUOUSLY IMPROVING SERVICES TO WORKERS AND EMPLOYERS

Understanding customers' needs and expectations is the first step in ensuring that the WCB continually improves its service. The WCB must ensure that workers and employers have access to the services they need when they need them. It must deliver services that meet or exceed customer expectations. It must measure customer perceptions of WCB service delivery in order to identify areas where it needs to improve. The WCB will focus its improvement efforts in areas that matter most to customers.

The WCB is committed to developing a stronger service culture within the organization. Having adopted a Statement of Service Excellence, the WCB will follow up with a customized, comprehensive customer service training program that will ensure that staff put the elements of the statement into action.

The WCB has a goal of scoring eight out of 10 in its customer surveys of workers and employers. The WCB will strive to increase stakeholder satisfaction by providing more opportunities for customer feedback. The WCB will enhance its customer survey tools and improve the way that it uses the information these tools provide. The WCB will also enhance quality assurance practices within the WCB.

Providing Timelier Wage Loss Payments to Injured Workers

The next steps in business process renewal at the WCB will be to expand the consolidation of roles throughout the short term claims area, implement the new electronic claims file system, and provide comprehensive process performance measurement while developing and monitoring customer service standards.

The speedier adjudication of claims resulting from process redesign will help make it possible for the WCB to reduce the number of "unadjudicated claims" (those claims at any point in time that have been received by the WCB but have not yet been accepted or denied.) While the process redesign will provide for speedier decision making, staff will remain diligent about ensuring claims information is accurate.

Process redesign will also help the WCB reach its target of paying 70 percent of injured workers wage loss payments within 14 days of their initial injury.

STEWARDSHIP: EFFECTIVELY MANAGING HUMAN, TECHNOLOGICAL AND FINANCIAL RESOURCES

The concept of stewardship drives the WCB to ensure that all aspects of its operations – including its finances, human resources, and supports such as policies – are complementary and responsibly managed. The WCB will continuously improve its processes, policies, infrastructure and data management systems to effectively support operations. The WCB will continue to monitor its performance by comparing itself against other Canadian workers compensation authorities.

Human Resources

The WCB is committed to improving and enhancing its performance management systems. It will improve human resources practices that enhance organizational and staff development. The WCB will launch strategies to build capacity among its staff. A number of new staff training programs, including customer service, employment equity and management, will move forward. These strategies will emphasize the provision of superior customer service.

The WCB is committed to being an employer of choice. It will use employee satisfaction surveys to track its progress toward increasing the number of employees who enjoy working at the WCB and the number who would recommend the WCB to a friend as a good place to work.

Employment Equity

The WCB is committed to Employment Equity – committed to reflecting the changing face of Manitoba to serve Manitobans better.

- The WCB will provide employment equity education and awareness training to all staff.
- The recommendations resulting from the facilities audit of 2003 will be implemented in 2004.
- The WCB will conduct an employment equity systems review.
- In partnership with the union representing its employees, the WCB will develop proposals for the employment and retention of designated group members.

The WCB aims to be an employer of choice for equity groups.

Investments

The WCB will ensure its continued financial strength. The WCB remains confident that its balanced portfolio (including equities from Canada, the United States and elsewhere in the world, fixed income vehicles and real estate) will produce attractive investment returns, meeting the "actuarial" net return rate of seven percent over the long run. The WCB's goal is to enhance its financial position further to protect the WCB and employers against unforeseen difficulties.

The WCB has developed an investment policy that formalizes its decade long commitment to invest in Manitoba when returns and risks are comparable to those of other investments. The WCB will continue with its goal to have at least 10 percent of its investment portfolio involved in Manitoba opportunities. Investments include bonds, mortgages, real estate and equities.

Assessment Rates

Decreasing revenues as a result of the last downturn in the Canadian economy have caused increases in WCB premium rates across Canada. This decline requires the Manitoba WCB to set the 2004 average assessment rate at $1.70 per $100 of assessable payroll, a general rate increase of nine percent. Manitoba will still have the lowest average WCB assessment rate among the provinces.

Technology

The WCB will maintain and gradually improve its technological infrastructure and data management systems to ensure WCB customers receive a high level of service. Its systems will be enhanced to keep pace with changing technology and new ways of doing business such as online services, with a continuing goal to make the WCB more efficient and user friendly.

Community

WCB staff have earned for themselves a very positive reputation for their support of community activities. For many years, for instance, they have championed the United Way. The WCB's support for the 2003 United Way Campaign was recognized as one of the top 50 most successful workplace campaigns in Manitoba. It's a history to be proud of and has set the stage for even more successful campaigns in the future to help those in need in our community.

CONCLUSION

The Five Year Plan outlines the WCB's four strategic themes of prevention, recovery, service and stewardship and the goals it has set within them.

Historically, the WCB has directed much of its efforts to minimizing the impact of workplace injuries and illnesses through the provision of compensation and rehabilitation services. It continues to fulfill these functions, and it will continually search for ways to improve how it delivers its services. The WCB is committed to completely redesigning the entire claims process to make it faster and easier while maintaining cost effectiveness, accuracy and quality. The WCB activities in the area of return to work will improve the potential in Manitoba for successful return to work outcomes.

As it moves into the new century, the WCB has reached a historic new point. Along with the Workplace Safety and Health Division and others, it will spearhead a province-wide prevention campaign to create a safety culture in workplaces and throughout Manitoba. The importance of this initiative cannot be underestimated. Prevention is the key to reducing the time loss injury rate by 25 percent and benefits everyone – workers, their families, employers and the WCB.

The WCB will continually seek out new and innovative ways to improve service to its customers. Its Statement of Service Excellence – to provide service that is fast, easy, caring, right and clear – will govern all aspects of service delivery.

The WCB supports a competitive provincial economy by providing its services for less. It has kept its assessment rates and administration costs per time loss claim among the lowest in Canada, while ensuring that its programs provide value to stakeholders, and that those who are at risk of occupational injury and illness receive the services to which they are entitled.

The budgeted and projected financial statements for 2004-2008 follow this section. These financial statements are accompanied by a discussion of the fiscal outlook, the assumptions used in developing the Five Year Plan, and the risks associated with this Plan.

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BUDGETED AND PROJECTED FINANCIAL STATEMENTS 2004–2008

The Five Year Plan (the Plan) financial statements covering the budget for the year ending December 31, 2004, and the projections for the years 2005 to 2008 are shown on pages 32 to 34. These projections were prepared using an average premium rate of $1.70 and other key assumptions shown on pages 35 to 38. The projections are also based on the WCB's current accounting policies described in the Notes to the Financial Statements in the 2003 Annual Report. The WCB's future operating results depend on several key variables, including:

Investment returns – consistent with the rate of return used by the actuaries to calculate the present value of the benefit liabilities, the WCB has assumed that investments will, on average, earn a net annual return of 7% over the next five years. Superior performance to this assumption will improve the WCB's operating results, while poor returns will put pressure on premium rates.

Time loss injury rate – in conjunction with the recommendations released in early 2002 by the Review Committee on Improving Workplace Safety and Health, the Five Year Plan includes a reduction in the injury rate by 25% over a five year period. Achieving this reduction is critical to meeting the operating results noted in the Plan. If this target is not met, claim costs incurred could be significantly higher than projected in the Five Year Plan.

Premium revenue – as the most significant revenue stream, employer premiums play a major role in determining the WCB's operating results. This revenue stream grows along with the economy through higher employment and wage levels. As well, a rate increase in the average premium rate to $1.70 was implemented effective January 1, 2004. The rate increase was required to maintain overall revenue requirements for the WCB given that investment revenues leading up to and during the planning period were projected to be under normal levels.

OPERATING RESULTS

The Five Year Plan projections which follow indicate that the WCB's operating results will range from modest surpluses of $3.9 million and $3.6 million in 2004-2005 to larger surpluses of between $12.8 million and $22.4 million during 2006-2008. Over the five years, the operating results aggregate to a surplus of $60.7 million, which will cause the WCB's reserves to rise from $56.0 million at the end of 2003 to $116.7 million by December 2008.

The WCB's two reserves, the Rate Stabilization Fund and the Accident Fund, are available to protect the WCB and its ratepayers from general business risks and catastrophic events in areas such as investment returns or injury claim costs. The target levels for both of these reserves are based on actuarial funding formulas that are responsive to changes in the size of the WCB's operations. Projections show that these reserves should grow to $128.1 million in aggregate by the year 2008 in order to be considered fully funded. This is still well above the projected actual balance of $116.7 million at that time.

2004

The 2004 budget anticipates a small surplus from operations.

Largely due to the premium rate increase, aggregate revenue will increase by $25.0 million or 14%. Premium revenue will climb $13.6 million, assuming higher assessable payrolls from increasing wage and employment levels, combined with the premium rate increase. Investment revenue will increase $11.4 million to $33.3 million. This amount is roughly $20 million less than normal investment revenue. Although markets have strengthened during 2003, the accounting policy of recognizing investment gains and losses over 60 months (to smooth out volatility in investment income) means that the losses of the bear markets of 2000-2002 will continue to depress investment revenue until at least 2007.

Claim costs incurred are budgeted to remain virtually unchanged from 2003 at $155 million. Program costs will increase by $6.4 million or 5.3% as expected increases in average costs and healthcare expenditures will be offset by an anticipated reduction in the number of claims. The actuarial future cost provision for claimants is expected to decrease in 2004 due to fewer claims and a less dramatic increase in the healthcare future cost factor. A further review of the long latency component of the benefit liabilities is expected to allow a reduction of $11 million to the benefit liabilities compared with an $8 million reduction that occurred in 2003. This reduction is shown as a decrease in claim costs. The long latency review project was undertaken as the Manitoba WCB has the highest allocation to this component of any of the WCBs in Canada.

The net result is a budgeted operating surplus of $3.9 million.

2005-2008

The lingering effects of the bear market investment losses act to minimize the operating surplus in 2005. In 2006, investment revenue begins to rebound, and continues to improve in 2007 and 2008, resulting in larger surpluses in each of these years.

Investment revenue will almost double as the effects of the bear market subside, while premium revenue will increase by 16%. Total revenue will increase from $209 million in 2004 to $267 million in 2008.

It is projected that claim costs incurred will rise slowly in 2005-2006 and more rapidly in 2007-2008 due to the assumptions surrounding the injury rate during that time period. That is: the injury rate will decline until 2006. Thereafter, the injury rate is expected to remain steady with increases in claims volumes resulting from growth in the economy. This will cause claim costs incurred to increase from the $155-$160 million range in 2005-2006 to $189 million by 2008.

Operating expenses are presumed to grow at a level consistent with inflation.

The net result is a budgeted surplus in 2005 of $3.6 million, increasing to a $22.4 million surplus by 2008.

Balance Sheet (Unaudited)
As at December 31

(In thousands of dollars)	2003 Actual	2004 Budget	2005 Projection	2006 Projection	2007 Projection	2008 Projection
Assets						
Cash	$1,513	$3,879	$5,603	$5,307	$4,907	$5,207
Receivables	27,938	29,138	29,199	30,288	31,517	32,796
Investment portfolio	699,276	703,551	709,142	729,592	761,739	802,420
Deferred assessments	22,534	22,844	23,592	24,167	24,166	23,948
Capital assets	12,363	13,334	13,634	13,634	13,634	13,634
	$763,624	$772,746	$781,170	$802,988	$835,963	$878,005
Liabilities and Fund Balances						
Payables and accrued liabilities	$17,528	$17,048	$17,189	$17,483	$17,895	$18,314
Benefit liabilities	690,123	695,810	700,452	709,134	723,738	742,987
Total liabilities	707,651	712,858	717,641	726,617	741,633	761,301
Rate stabilization fund balance	35,955	39,870	43,511	56,353	73,100	76,000
Accident fund balance	20,018	20,018	20,018	20,018	21,230	40,704
	$763,624	$772,746	$781,170	$802,988	$835,963	$878,005
Funding Ratio (AWCBC method)	102.7%	102.7%	102.6%	102.6%	102.6%	104.9%

Statement of Operations (Unaudited)
For the years ending December 31

(In thousands of dollars)	2003 Actual	2004 Budget	2005 Projection	2006 Projection	2007 Projection	2008 Projection
Projected Average Premium Rate	$1.62	$1.70	$1.70	$1.70	$1.70	$1.70
Revenue						
Total premium revenue	$162,591	$176,173	$183,248	$189,871	$196,972	$204,759
Total investment income	21,879	33,277	28,983	38,808	51,470	61,969
Total revenue	184,470	209,450	212,231	228,679	248,442	266,728
Expenses						
Claim costs incurred	155,533	154,620	156,602	162,725	176,217	188,907
Operating expenses	48,150	50,915	51,988	53,112	54,266	55,447
Total expenses	203,683	205,535	208,590	215,837	230,483	244,354
Operating (Deficit) Surplus	($19,213)	$3,915	$3,641	$12,842	$17,959	$22,374

Statement of Changes in Fund Balances (Unaudited)
For the years ending December 31

Rate Stabilization Fund Balance						
Balance at beginning of year	$55,168	$35,955	$39,870	$43,511	$56,353	$73,100
Allocation from operating surplus	(19,213)	3,915	3,641	12,842	16,747	2,900
Balance at end of year	$35,955	$39,870	$43,511	$56,353	$73,100	$76,000
Accident Fund Balance						
Balance at beginning of year	$20,018	$20,018	$20,018	$20,018	$20,018	$21,230
Allocation from operating surplus	0	0	0	0	1,212	19,474
Balance at end of year	$20,018	$20,018	$20,018	$20,018	$21,230	$40,704

Statement of Cash Flows (Unaudited)
For the years ending December 31

(In thousands of dollars)	2003 Actual	2004 Budget	2005 Projection	2006 Projection	2007 Projection	2008 Projection
Operating Cash Flows						
Premiums from employers	$156,351	$174,663	$182,438	$188,208	$195,746	$203,697
Payments to claimants or third parties on their behalf	(143,375)	(148,933)	(151,961)	(154,043)	(161,613)	(169,659)
Purchases of administrative goods and services	(46,376)	(48,366)	(48,145)	(48,819)	(49,855)	(51,026)
Net cash used by operating activities	(33,400)	(22,636)	(17,668)	(14,654)	(15,722)	(16,988)
Investing Cash Flows						
Proceeds from investment portfolio	38,267	29,002	23,392	18,358	19,323	21,288
Capital asset acquisitions, net of disposals	(2,983)	(4,000)	(4,000)	(4,000)	(4,000)	(4,000)
Net cash provided by investing activities	35,284	25,002	19,392	14,358	15,323	17,288
Net increase(decrease) in cash	1,884	2,366	1,724	(296)	(399)	300
Cash at beginning of year	(371)	1,513	3,879	5,603	5,307	4,908
Cash at end of year	$1,513	$3,879	$5,603	$5,307	$4,908	$5,208

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KEY ASSUMPTIONS

The following key assumptions, as at February 26, 2004, were used to develop the 2004 Five Year Plan.

General Assumptions

1) Employment growth (based on models developed by Manitoba Bureau of Statistics (MBS)) is expected to be between 0.8% and 1.0% over the period 2004 to 2008. The WCB has assumed that the actual rate will be 1.0% for each year.

2) The Average Weekly Wage (AWW) is expected to increase by 3% per year. (MBS estimates a rate increase of between 2.6% and 3.0% for the period 2004 to 2008.)

3) Inflation (CPI) is predicted to be between 1.9% and 3.0% over the next five years. For the Five Year Plan it is assumed to be 2.5% per year.

Premium Assumptions

1) Assessable payrolls are assumed to increase by 4% (1% employment growth, 3% AWW) in each of the years 2004 to 2008.

2) The average premium rate will be $1.70 per $100 of assessable payroll for the period 2004–2008.

Investment Portfolio Assumptions

1) Investment returns have been very volatile in recent years, although the latter part of 2003 yielded more positive results.

SAFE WORK
SPOT THE HAZARD
ASSESS THE RISK
FIND A SAFER WAY
EVERYDAY

For the Five Year Plan, the WCB continues to use an overall annual net return of 7%, which is the long term average return used to discount the WCB's liabilities. Investment income for 2004–2008 is based on the following expected total rates of return (income plus market growth) by asset class:

	2004	2005–2008
Canadian equities	8.5%	9.0%
U.S. equities	8.5%	9.0%
International equities	9.5%	9.5%
Canadian bonds	5.0%	5.0%
Other investments	(0.5%) to 8.0%	(0.5%) to 8.0%
Expenses	(0.5%)	(0.5%)
Net Total (weighted average)	7.0%	7.0%

2) The WCB uses its investment returns to supplement premium revenue to fund its operations. The WCB will make annual withdrawals from the portfolio totalling $29 million in 2004, and between $18 and $23 million per year thereafter.

3) Investment revenue has been calculated utilizing the 60 month smoothing accounting policy for the recognition of investment gains and losses. The Canadian Institute of Chartered Accountants has released an Exposure Draft that, if approved, may change the WCB's accounting policy for investments. Due to the uncertainty surrounding this issue, the Five Year Plan utilizes the existing accounting methodology.

Benefit Assumptions

1) The budgets are based on existing legislation and administrative policies. Any significant changes to *The Workers Compensation Act of Manitoba* or to WCB policies will be dealt with as budget amendments as they arise.

2) The injury rate for time loss accidents was 4.8% in 2003 (2002, 5.0%; 2001, 5.2%). The rate is projected to drop to 3.9% by 2006 and then plateau at that level. Injury rates for the years 2004 to 2008 are assumed to be as follows: 4.65%, 4.30%, 3.90%, 3.90% and 3.90%.

3) As a result of the various aforementioned assumptions, compensation claims in pay are expected to be:

	Compensation Claims in Pay	Change
2003 Actual	20,234	-
2004 Budget	19,390	(4.2%)
2005 Projection	18,110	(6.6%)
2006 Projection	16,590	(8.4%)
2007 Projection	16,760	1.0%
2008 Projection	16,930	1.0%

4) Wage loss compensation is based on the injured worker's net pay after income taxes. It is anticipated that federal and provincial income tax reductions through indexing will result in compensation wage loss payments to claimants increasing by 0.2% annually.

5) As a result of wage increases and the impact of lower income taxes, coupled with the expected distribution of claims by original year of claim, the average cost per compensation claim is expected to be $2,531 in 2004, an increase of 5.2% over 2003. It is projected that this will increase by 5.2% in each of the subsequent years, as well.

The average cost of a rehabilitation claim is budgeted to climb 3.2% in 2004 to $12,922 followed by an increase of 3.2% in each of the subsequent years.

6) Healthcare costs are based on contractual arrangements currently in place, and, in general, are expected to increase at a rate that is greater than the Consumer Price Index. The Five Year Plan is based on an annual increment in healthcare expenses of 6.7% for 2004, 6.0% for 2005 and 2006 and 7.5% for 2007 and 2008. The incremental increases in 2005 and beyond are based on healthcare inflation of 7.5% and, for 2005 and 2006, a reduction in claims of 1.5%.

7) The future cost for healthcare expenses of existing claims is calculated as a multiple of current year spending. The multiple, or factor, for 2003 is 2.55. It is estimated to be 2.7 for 2004 and thereafter.

8) The WCB is conducting a study of the long latency component of the benefit liability. A portion of the study was completed in 2003, with a reduction in benefit liabilities of $8.0 million. The remainder of the study should be completed in 2004, with an estimated further reduction to the benefit liabilities of $11.0 million. These reductions are shown as a decrease in claim costs incurred in the year adjusted.

Administration Expense Assumptions

1) For the purposes of the Five Year Plan administration expenses are assumed to grow at 2.5% after 2004.

2) Prevention expenditures are presumed to be $7.65 million for 2004 and forward. This amount covers the funding grant for the Workplace Safety and Health Division and the Worker Advisor Office, as well as costs for the public awareness campaign.

3) Capital expenditures are budgeted to be $4.0 million in 2004. This estimate is based on prior year expenditure levels and the nature of the 2004 initiatives. Capital expenditures are projected to be $4.0 million per year thereafter, broken down as $3.8 million for Information Technology and electronic claims project initiatives and $0.2 million for other capital items. Depreciation charges are budgeted at $3.0 million in 2004, escalating to $4.0 million per annum by 2008.

RISKS

The 2004 budget and the projections for 2005 to 2008 have been prepared using assumptions that are considered reasonable and probable. Actual results achieved for these five years will vary from the information presented and the variations may be material.

The two areas that have the greatest potential variation are investment revenue and claim costs incurred.

1) Investment revenue is budgeted to be $33.3 million in 2004 and is expected to climb from $29.0 million in 2005 to $62.0 million in 2008. While these revenue expectations are based on assumptions for rates of returns and cash flows that are viewed as reasonable, fluctuations will occur and these fluctuations can be significant. Given the WCB's reliance on investment revenue to stabilize premium rates, decreases in investment returns due to market declines may result in further increases in premium rates.

2) Claim costs incurred include the amounts spent in the current year for new claims, as well as the expected future costs to be incurred for those claimants. Claim costs also include any adjustments to the estimated future costs for claims arising from prior years. The two measures with the greatest impact on claim costs are accident levels and costs per claim.

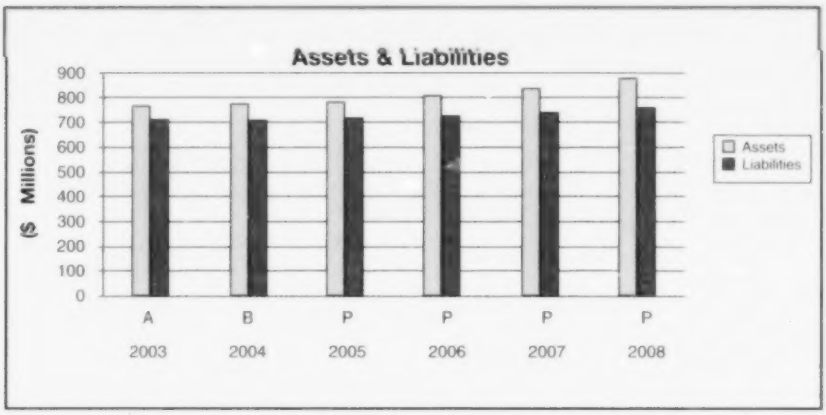
i) The Five Year Plan incorporates the target of reducing the injury rate by 25% over five years. This initiative is supported by a public awareness campaign that seeks to create a safety conscious mindset in all Manitobans whether they are at work or at play. An inability to achieve these reductions will lead to higher accident and claims volumes and correspondingly higher expenses.

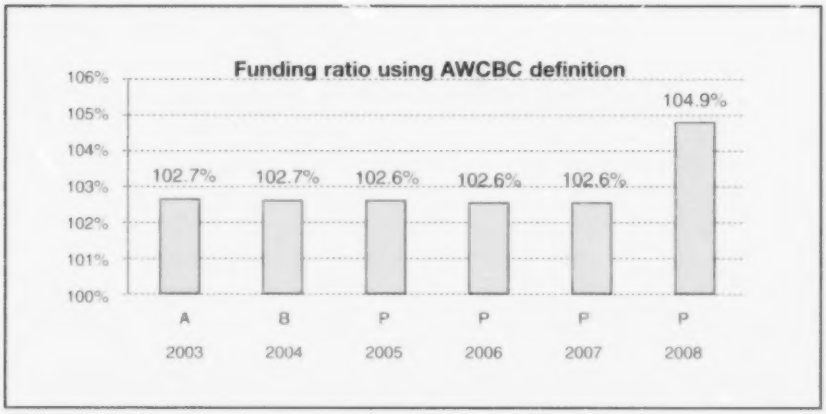
ii) Costs per claim are budgeted based on assumptions for wage increases, income tax changes and inflation for healthcare costs. The average cost per claim is also quite sensitive to the proportion of old and new claims in the payment mix. Older claims, which are more expensive, have increased as a relative percentage in recent years. The reduction projected in new claims levels may lead to significant increases in the average cost per claim if the WCB is unable to stem the growth in prior year claims.

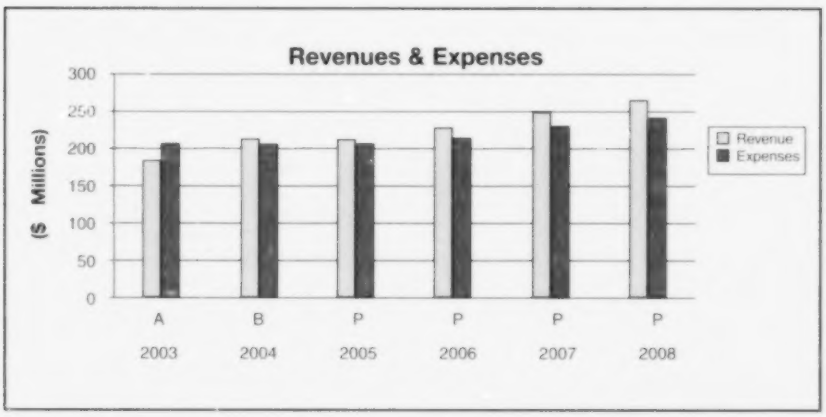
Claim costs incurred can also be affected dramatically by a small number of expensive claims, such as fatalities where there are young dependents surviving the deceased worker.

Finally, the healthcare future cost factor has been increasing as older claims draw a higher proportion of the healthcare spending. Analysis of claims experience indicates that this factor may continue to increase in future years, putting additional pressure on claim costs incurred.

Financial Highlights of the Five Year Plan







A: Actual B: Budget P: Projection

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